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DEPARTMENT OF COMMERCE

International Trade Administration

Smart Grid Trade Mission to the United Kingdom

London, United Kingdom, October 15-17, 2012

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce International Trade Administration's (ITA) U.S. and Foreign Commercial Service (USFCS) in London is organizing a Smart Grid Trade Mission to the United Kingdom, October 15-17, 2012.

The Smart Grid Trade Mission offers a timely and cost-effective means for U.S. firms to engage with key stakeholders and to enter the promising UK market for smart grid equipment, technology and services. Target sectors holding high potential for U.S exporters include: smart meters and advanced metering infrastructure; communication and data management software and services; grid optimization technologies; demand response and control systems; cyber security software and services; transmission and distribution equipment; automation technologies; and consumer engagement platforms and services.

Advancing President Obama's goal of positioning the United States as the leading exporter of clean energy technologies, the mission will support the Renewable Energy and Energy Efficiency Export Initiative's (RE4I) goals by promoting export opportunities for innovative U.S. companies active in the smart grid sector. With a focus on connecting U.S. companies with the major players in the UK electricity sector, this mission will provide critical market information and will help participants

establish business and government contacts who are involved in smart grid and energy efficiency projects in the United Kingdom. The three-day agenda will include meetings with high-level national government officials and industry leaders; briefings on the UK market and the wider European Union market; site visits; seminars; and networking opportunities in and around the London area.

The delegation will be comprised of at least 15 U.S. firms and a maximum of 25 U.S. firms representing a cross-section of U.S. industries that have developed products and services for the smart grid. The mission will also be open to representatives of U.S. trade associations in the targeted industries with a commercial interest in the United Kingdom.

COMMERCIAL SETTING

According to the “Doing Business 2011” report from the World Bank, the United Kingdom is the best place to do business in the EU and G8 countries: the report ranks the United Kingdom first in Europe and fourth in the world for ease of doing business.

The United Kingdom has the seventh-largest economy in the world and is a major international trading power. Highly developed, sophisticated, and diversified, the UK market is the single largest export market for U.S. services exports and the fifth largest in the world for U.S. goods exports. With few trade barriers, the United Kingdom is in fact the entry market into the EU for more than 40,000 U.S. exporters.

Annual U.S. exports to the United Kingdom of both goods and services are valued at more than \$100 billion. The U.S.-UK investment relationship is the largest in the world with a cumulative bilateral stock in direct investment valued at over \$925 billion, creating over two million jobs, about one million in each country, to manage and drive this investment.

Over 7,500 U.S. firms maintain a presence in the United Kingdom, many of which serve as regional headquarters for companies covering Europe, the Middle East, and Africa. Furthermore, London is a major international financial hub. Ranked by the Economist Intelligence Unit to be ahead of other major European economies in the global digital economy index, the United Kingdom offers world class Information and Communication Technology infrastructure.

The UK government has committed to reducing the country's carbon emissions by 34% of 1990 levels by 2020 and by 80% of 1990 levels by 2050. Power generation is a major source of carbon emissions, with 74% of power generated in the United Kingdom coming from fossil fuels. As the government seeks to reduce dependency on fossil fuels, it plans to refurbish its existing electricity infrastructure and establish a smart grid.

Consequently, over \$300 billion of investment is needed over the next ten years to replace older power plants and upgrade the grid - twice the rate of investment seen in the previous decade. The United Kingdom's determination to become a low carbon economy should create many opportunities for innovative U.S. companies to supply 'green' solutions to help the United Kingdom supply sustainable, reliable, and secure, low carbon energy sources while providing the technologies and services that enable energy efficiency gains for electricity consumers.

The smart grid sector is developing rapidly in the European Union. The United Kingdom is at the forefront, with major U.S. companies already providing smart grid solutions for electric utilities in the region. The challenge of efficiently transmitting and distributing ever increasing amounts of electricity from intermittent and geographically spread renewable sources, like wind turbines and solar panels, creates a need for the utility and related industries to modernize and reinvent the way electricity is transmitted, distributed and consumed.

To achieve this, electricity utilities in the United Kingdom will have to invest in information and communication technologies, as well as enhanced system monitoring and intelligent controls that

will be needed to securely manage a much more complex system, while meeting the demand for energy with the optimum level of generation and network capacity.

In 2008, the UK Government announced that gas and electricity smart meters would be rolled out by energy suppliers to every home and most small businesses in Britain by the end of 2020. The mass roll-out of smart meters is expected to begin in 2014. Some 54 million gas and electricity meters will need to be replaced over 10 years at an expected cost of \$18 billion.

To stimulate innovation in the sector, the Government has launched a \$10 million UK Smart Grid Demonstration Fund for small projects and has made \$825 million available through the Low Carbon Networks Fund for larger scale trials. This has led to a number of UK smart technology pilot projects that are already underway or in the planning stages. In addition to government-led smart grid initiatives, private sector utilities are expected to invest more than \$65 billion in the upgrade and expansion of the UK's transmission and distribution networks.

Current studies indicate that 60% of UK companies in the energy market plan to invest in smart grids over the next three years, with a quarter of these firms already having committed money. This level of investment by government and energy companies signals the potential commercial opportunities in the UK market. It is not surprising, therefore, that the sector has attracted interest from a wide range of industry players – from small startups and SMEs to global corporations.

The market is expected to grow from \$380 million in 2010 to \$4.5 billion in 2015. An early entry into the UK smart grid industry could help technology, equipment and specialist service companies to become leading players in the global energy services market. Pilot projects undertaken in the UK market can serve as a benchmark to provide U.S. companies with early adopter opportunities in other European countries and in the global market.

Emerging opportunities in the UK smart grid market encompass a range of technology and service segments associated with electricity transmission and distribution, energy data management, and energy efficiency applications, such as:

- Smart meters and advanced metering infrastructure;
- Meter data management software and systems;
- Demand response control systems and services;
- Grid optimization systems and technologies;
- Energy management systems for distributed generation and storage;
- Utility cyber security services;
- Home area networking technologies;
- Consumer electronic smart devices, applications, and energy efficiency software and services; and,
- Home and building energy management programs and marketing campaigns.

Additionally, opportunities in the UK smart grid sector will emerge for firms specializing in the provision of utility information management systems, billing software and services, cyber security services, and other utility back-end information technology solutions.

In April 2012, the United Kingdom will host the 2012 Clean Energy Ministerial, an important platform developed under the auspices of the United Nations Framework Convention on Climate Change to advance international and public-private collaboration on the adoption and deployment of clean energy technologies worldwide. One of the Clean Energy Ministerial activities is the International Smart Grid Action Network (ISGAN), a mechanism through which multinational stakeholders can collaborate on accelerating the development and deployment of smarter electric grids around the world. ISGAN aims to improve the understanding of smart grid technologies,

practices, and systems and to promote adoption of related enabling government policies. U.S. Secretary of Energy Steven Chu will co-host the 2012 Clean Energy Ministerial.

MISSION GOALS

The mission will help U.S. companies increase their export potential to the United Kingdom by identifying profitable opportunities in the UK smart grid and electricity markets. As such, the mission will focus on helping U.S. companies obtain market information, establish business and government contacts, solidify business strategies, and/or advance specific projects.

The mission's goals include:

- Facilitating first-hand market exposure and access to government decision makers and key private-sector industry contacts, including potential trading partners;
- Promoting the U.S. green economy by connecting representatives of U.S. companies focused on low carbon technologies with potential trading partners;
- Helping companies gain valuable international business experience in the rapidly growing smart grid market; and,
- Helping U.S. companies strengthen their engagement in the worldwide marketplace, leading to increased exports and, in turn, job creation.

MISSION SCENARIO

Participants will attend country briefings, seminars and meetings with government decision makers and key private-sector industry contacts, including potential trading partners. Participants will also receive briefing on the European Union-wide perspective on smart grids.

Networking events will provide mission participants with further opportunities to speak with local business and government representatives, as well as with business executives of major U.S. companies already established in the United Kingdom.

The precise agenda will depend upon the availability of local government and private sector officials, as well as on the specific goals and makeup of the mission participants.

The U.S Commercial Service in London stands ready to assist the participants.

PROPOSED TIMETABLE

Monday, October 15, 2012

- Country briefing by U.S. Embassy staff on programs and opportunities in the UK and EU smart grid sector.
- Ice-breaker reception at the Embassy of the United States of America, London.

Tuesday, October 16, 2012

- Seminar on UK and European smart grid markets. The seminar will provide market information to identify profitable opportunities. Speakers will include government officials, trade associations, senior industry representatives, and experts on the various aspects of smart grids, such as smart meters, advanced communications and information management systems, demand side management and storage, cyber security, transmission and distribution, and electric energy storage technologies. The seminar will be followed by a luncheon reception.
- Business meetings with utilities, transmission and distribution networks, major energy and technology companies.
- Networking reception for business and government contacts.

Wednesday, October 17, 2012

- Site visits and business meetings.
- Networking business reception (TBC).

PARTICIPATION REQUIREMENTS

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the Department of Commerce. All applicants will be evaluated, on a rolling basis, on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 and maximum of 25 companies will be selected to participate in the mission from the applicant pool

FEES AND EXPENSES:

After a company or organization has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee for the Trade Mission will be \$1,202.00 for a small or medium-sized firm (SME)¹, and \$2,350.00 for large firms. The fee for each additional firm representative (large firm or SME/trade organization) is \$600. Expenses for travel, lodging, meals, and incidentals will be the responsibility of each mission participant. Delegation members will be able to take advantage of U.S. Embassy rates for hotel rooms.

CONDITIONS FOR PARTICIPATION:

Targeted mission participants are U.S. companies providing smart grid equipment, technology and services that have an interest in learning more about the UK and European markets. Target sectors holding high potential for U.S exporters include: smart meters and advanced metering

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardtopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

infrastructure; communication and data management software and services; grid optimization technologies; demand response and control systems; cyber security software and services; transmission and distribution equipment; automation technologies; and consumer engagement platforms and services.

SELECTION CRITERIA FOR PARTICIPATION:

The following criteria will be evaluated in selecting participants:

- Relevance of the company's business to the mission goals;
- Market potential for business in the UK and European markets;
- Provision of adequate information on the company's products and/or services, and communication of the company's primary objectives;
- Timeliness of the company's completed application and participation agreement signed by a company officer;

Diversity of company size and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

SELECTION TIMELINE

Mission recruitment will be conducted in an open and public manner, including publication in the *Federal Register*, posting on the Commerce Department trade mission calendar

(<http://export.gov/trademissions>) and other Internet web sites, press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. Recruitment for the mission will begin immediately and conclude no later than August 17, 2012. The U.S. Department of Commerce

will review applications and make selection decisions on a rolling basis beginning in February, 2012. Applications received after August 17, 2012 will be considered only if space and scheduling constraints permit.

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